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Synopsis of State and Intelligence material reported to the President

POSSIBLE U.S. MILITARY BUILD-UP DISTURBS SOVIETS

Kuznetsov told Thompson he had been disturbed by some of the President-elect's campaign remarks which indicated his first actions would be to step up U.S. military expenditures, and build up the U.S. military establishment to one of clear superiority over the USSR. He thought such moves would be unfortunate and would add to the tensions existing between our countries. He admitted freely that blame for the increase in tension in U.S. -USSR relations was not all on one side, and said the Soviets had made mistakes, particularly as Stalin in his last days had not been completely rational. He suggested that Thompson endeavor to convince the President-elect there was a need for both sides to build up a situation of trust and confidence. Thompson told Kuznetsov the Soviets frequently attacked what they called our "positions of strength" policy, however, until the Korean War we had been in an extremely weak position militarily. He had tried to negotiate a settlement of our problems with the Soviets without success, and had concluded this was impossible from a position of weakness. Thompson added it was obviously foolish for both countries to be wasting such enormous sums on military expenditure when neither could achieve real superiority. Thompson assumes there was a connection between the conversation and the Soviet-Chinese dispute.

INDONESIA-NETHERLANDS

A 23-man armed Indonesian force -- some of whom were captured by the Dutch shortly after landing in southwest New Guinea about 15 November -- may be the first contingent in an accelerated Indonesian paramilitary campaign to create dissension in the area. Djakarta apparently believes that such tactics would increase international pressure on the Dutch for cession of Netherlands New Guinea to Indonesia. Dutch fears of a large-scale Indonesian invasion of New Guinea in the near future appear unfounded.

LAOS

The extent of the military threat to Luang Prabang is still not clear. Aerial surveillance on 24 November revealed what appeared to be a large truck convoy moving northward toward Muong Kassy, on the Vientiane-Luang Prabang road. A smaller convoy of approximately ten trucks was observed apparently returning to Vientiane. At

Muong Kassy some parked trucks and 200 to 250 men were observed.

An American official in Luang Prabang estimates that troops there could successfully defend against a coordinated attack by a force of up to three battalions. Forty percent of the troops in Luang Prabang are headquarters and service personnel who might be effective in defense of the city but would be of limited value in a counterattack. The key factor in the defense of the city, however, would be the will of the individual soldier to fight.

John S D Eisenhower

